

**STATE CONTROLLER'S OFFICE
PERSONNEL/PAYROLL REVIEW COMMITTEE NOTES
MARCH 2003**

DATE: April 8, 2003

TO: All Civil Service/Exempt Departments

FROM: State Controller's Office
Don Ward, Manager
Personnel/Payroll Operations
(916) 322-8805

RE: PERSONNEL/PAYROLL REVIEW COMMITTEE NOTES

This recaps the March 13, 2003 Personnel/Payroll Review Committee (PPRC) meeting and provides information for the April 10, 2003 meeting.

We would like to thank those department representatives that participated in the January meeting for their time and effort. There were 53 representatives from 34 departments that participated in this meeting.

Personnel/Payroll Review Committee
March 13, 2003 Meeting Notes

The meeting was called to order at 1:30 by Don Ward.

Departments represented:

Aging, Alcohol & Drug Programs, Board of Equalization, CHP, CA Housing Finance Agency, CA Integrated Waste Management, CalPERS, CA Student Aid Commission, Community Services and Development, Corrections, Developmental Services, EDD, Energy Commission, Finance, Financial Institutions, Food and Agriculture, Forestry and Fire Protection, Franchise Tax Board, General Services, Health and Human Services Data Center, Health Services, Legislative Counsel Bureau, Lottery, Motor Vehicles, Parks and Recreation, Peace Officers Standards & Training, Rehabilitation, Secretary of State, State Controller's Office, Teale Data Center, Toxic Substances Control, Transportation, Treasurer's Office, Water Resources, Youth Authority.

Old Business:

None

New Business:

Agenda Items
Distribute Handout Materials
Approve Prior Meeting Notes
Guest Speakers
SCO Update

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Department Issues/Concerns
Confirm Next Meeting Agenda, Time and Place

Discussion:

Approved February 2003 meeting notes.

Guest Speakers:

William Page, Benefits Manager, DPA, answered the following questions.

Question: Should the employee be allowed to use new dental coverage prior to the deduction being taken from the payroll warrant?

Answer: Prior to 1997 dental forms actually said that the employee should not use coverage before the deduction was taken. After 1997 the form was modified and no longer has that statement. The coverage is effective the first of the month following the date that the agency signs the form.

Question: There is a continuing problem with Delta not showing eligibility timely.

Answer: There are a couple of issues. We know that there is a problem with Permanent Intermittent Employees and the fact that they are not paid at the first of the month. Because PIEs are not shown on the first tape each month, when Delta runs the first of the month tape it cancels all the PIEs because their deduction has not yet been taken. Delta tried to not load the first tape but it created another problem, by not showing the other new employees. All I can tell you is we are trying to work out these problems. You can help by having your department added to the Specialized Benefits Units List so that you are recognized by Delta as being able to verify eligibility. Do not call SCO with questions regarding eligibility, we have an agreement with SCO that DPA will assist departments to verify eligibility. You may call Delta and verify your employee's eligibility if you are on the Specialized Benefits Unit List, if not call DPA.

Question: Delta automatically shows a two party person as the spouse when it may in fact be a child.

Answer: One thing that has been a problem is that, although SCO sends the carrier copy to Delta, they are not staffed to review carrier copies. Delta's system will default a two-party code to reflect EE and Spouse. Future development of eligibility information sent to Delta will help with this problem.

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Question: Why, when I go out and look at my own coverage, does it show myself, my husband and my children by name? Delta must be entering this information at some time.

Answer: Delta picks up on this information from the claims processing side of their office. When a claim is filed from a provider, the name of the individual is entered into Delta's system.

Question: Are you saying that there is no safeguard to prevent fraud? Say if an employee had a party code of three, there is nothing to prevent the employee from taking a person who is not his dependant in to the dentist and having work preformed and the provider billing Delta?

Answer; Delta only receives eligibility information that shows the employee name, SSN, and premium amount. Because Delta is not entering the names of dependants until service is performed, this could occur. It is a function of the personnel shop to try to prevent this from happening. This is insurance fraud. DPA is very concerned about fraud and if you discover fraud, please let us know. We are working with Delta to combat this problem. Additionally, the dental office should ensure that their patients are eligible dependants of employees. Hopefully, the 21st Century project will address these needs, so we can have the ability to report the names of dependants to Delta and interface with the eligibility system.

Question: Can we send a fax copy of the enrollment form to verify coverage?

Answer: If you are one of the Specialized Benefits Unit people, you can call Delta. We are unaware of Delta not accepting a verbal confirmation. If they are not accepting your verbal, please let us know. If they accept a fax from you, be aware that they will not do anything with this form. They will not key from it or use it to enter eligibility information into its system. They may use it to OK service. For employees with a Pre-paid plan, they must allow service. If your are unable to verify coverage, please let us know.

Question: Why can't all departments call the carrier to verify eligibility?

Answer: Some departments have established a "Specialized Benefits Unit". They may phone in information for their employees. If you want to be added to this list ask the person from your department who attends the monthly Transactions Supervisors Forum to contact Janice Yates at (916) 324-0525. She can add your department to the list which is updated quarterly.

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Question: Why do documents having to do with a divorce have a 60-day time limit?

Answer: It is mandatory that the employee has this information communicated to the personnel office, so that there is continuous coverage and that flex cash and CoBen issues are addressed.

Question: I just recently found out that my employee had a divorce and never told us. He came into our office and asked to have his ex-wife added back to his coverage. Since we had never deleted the ex-wife, what should we do?

Answer: It is insurance fraud if the employee was maintaining coverage for an ineligible former spouse (after the divorce). A form needs to be completed to delete the former spouse back to the date of the divorce. At this time, you may want to send the employee a letter saying that you are now aware of the divorce. If you are unable to obtain the date of the divorce, then you should contact your legal department to enlist their assistance to draft a letter to the employee requesting the divorce date (be sure you are not questioning something from one employee that you are not questioning from other employees in the same situation). You may want to provide deadlines to the employee prior to taking administrative action.

Question: What if the employee asks to remove a spouse from coverage?

Answer: Yes, the employee can take them off the coverage, but if the spouse can prove that they were taken off the coverage "in anticipation of a COBRA permitting event" the spouse must be offered COBRA.

Question: What about the 23 year old dependants?

Answer: The 23 year old is deleted from the Health but not the Dental. The department is responsible, under the law, to know when the dependants are 23. The dependant must be offered COBRA. The department must delete the dependant retroactive to the date the person turned 23 (if required). The employee will receive premium adjustments for up to 3-years (if party changes). The dependant over 23 years would not be eligible for service.

Comment: Our department sends out a reminder every year telling employees to delete their children age 23 and older. This works very well for our department.

Question: How do we give our employees COBRA coverage information?

Answer: Care must be taken to be sure that when you provide the enrollment information for Health, Dental, and Vision at that time you should also provide the Initial COBRA Notice. This notice is different from the notice given at the time of a COBRA

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qualifying event. You may not want to provide it when you do the new employee orientation as some of those employees may not become enrolled in benefits.

Question: Is Delta Dental trying to recruit more dentists for the DPO?

Answer: This is a tough question. Dentists in the DPO must agree to accept lower fee reimbursement from Delta Dental for certain services (lower reimbursement than with the Delta Preferred Plan)

This could be a reason for difficulty in recruiting and maintaining DPO dentists. It is possible that there will be more dentists. It is difficult to get dentists to sign up when they know they will be paid lower fees.

Question: How often are the contracts for DPO dentists reviewed?

Answer: We are not privy to the contracts between Delta and the dentists, however we do know that these are generally reviewed once a year.

Question: How can we know if a dentist is currently a DPO provider?

Answer: You can look at the web site at www.DeltaDentalCa.org. This will show you all the current information about Delta and the providers.

Cheryl Salvador from CalPERS Actuarial and Employer Service Division (916) 341-2918 addressed the following:

We recently sent out a circular letter (#200-084-03) regarding a member who is going to retire because of a disability. There is a new procedure for when an employee applies for disability retirement. The member submits an application and also sends you, the employer, the form BSD-64. What this form does is request a job duty statement, medical reports, etc. Please attach a photocopy of the BSD-64 form on top of the package of materials submitted to CalPERS.

Military service credit for employees who have been called up for active duty while the employee is on "Military Leave of Absence" will not have payroll reported to PERS. The law provides that if the employee returns to work within 6 months after being discharged, the employee can request to have the time applied to their CalPERS service for the months they were on "Military Leave of Absence". This is free of charge for these employees. As the employer, we are asking you to provide the form "Request for Service Credit Cost Information-Military Service" (MSD-369) to the employee once they have returned from the leave. This form can be found in the booklet "A Guide to Your CalPERS Service Credit Purchase Options" (PUB-12). The employee must return the completed

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form along with a copy of their discharge papers, (DD-214), in order to receive the service credit. Even though this form is for a "Cost of Military Service Credit", the service credit will be posted at no cost to the employee if they were out on a "Military Leave of Absence". The employee can write on top of the form "Free Military" in order to distinguish it from "Military Service Credit". "Military Service Credit" is for the time the employee was in the military prior to working for you. They can purchase up to 4 years of "Military Service Credit". By contrast, "Military Leave of Absence" is the time the employee was working for you when they were called up for active duty and then return to work within 6 months of being discharged. Some departments are photocopying these pages and putting them with the other documents that they have for Military employees. That way they don't need to give the whole booklet to the employee when all they really need is these two pages. The form and/or the booklet can be downloaded from our web site at www.calpers.ca.gov.

SCO Update:

Abolished Positions: A question has arisen over the treatment of lump sum payments and their impact on vacant/abolished positions. There will be no change to past policy, departments may notify us if lump sum payments extend into subsequent pay periods, and we will not identify those pay periods as "vacant". We will begin an effort to automate this capability and remove these positions from subsequent vacancy reports. However, in the interim, continue the past practice of notifying the Position Control Unit immediately to restore any appropriate positions on the Probable or Final Abolished Positions Report for restoration.

Automated Employment Verifications: The Work Number for Everyone is an Automated Employment and Salary Verification Service for state employees. Currently, there are 71 Civil Service departments and 8 CSU campuses participating in this program. State employees working for those departments and campuses participating in the program can use the service to provide immediate employment and salary verification by touch tone phone for credit and reference requests, 24 hours a day, 7 days a week. Based on a poll of PPRC members, we found that some departments were using it and felt it was saving them time, while others felt it was not only difficult to train their employees how to use it, but to convince them to use it, and finally, there were a number of PPRC members that were not aware that the program existed. As such, for the May 8th PPRC meeting, we have invited an SCO representative to provide an overview of "The Work Number for Everyone" process and answer any questions or concerns you may have with this program.

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Turnaround PAR: A cost analysis was completed and submitted to management on increasing the size and changing the color of the PAR. We are also looking at the cost for providing an additional copy. Once we have a decision, we'll share that information with you.

IRS lock-in-letters: We submitted a system service request to modify our system to prevent the keying of certain tax changes in accordance with the IRS letters. The changes will take approximately 6 months to complete.

One Time Headers: Currently, payments and adjustments beyond current, plus two prior fiscal years require Operations' staff to manually process special one-time headers to allow the payments to issue. This frequently delays payments for those prior fiscal years as coordination with SCO's Division of Accounting is necessary to process the headers. We're looking at system changes that would automate this process and issue these prior fiscal year payments in a more timely manner.

PIP Errors: Our Civil Service Payroll Liaison Unit has received an increased number of calls requesting us to delete erroneous payroll transactions keyed via the PIP system. The most common error involves departments keying a current month pay period instead of keying the appropriate prior month pay period for overtime, shift or other positive pay. It is a very labor intensive process to correct these. Please remind your staff to verify these items before requesting pay via PIP.

Direct Deposit: SCO will be conducting a Direct Deposit campaign in the near future to encourage employee participation.

QUESTIONS/ANSWERS:

Question: Are the Retirement Account Codes changing when July comes around and employees need to contribute to the retirement again?

Answer: Yes, we plan to return the employees to the Account Codes they were in on August 30, 2001

Question: Are you going ahead with the 21st Century project?

Answer: Yes, we have received preliminary approvals from DOF and are taking the necessary steps to continue this project. We'll invite an SCO representative to a future PPRC meeting to provide a more detailed update.

Question: When is the Transactions Supervisor's Forum?

Answer: The meetings are held on the 3rd Thursday of each month at Department of Education, 1430 N Street. Elizabeth Ohlendorf from Corrections Headquarters chairs these meetings.

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Question: When a PAR is keyed after cutoff, and the employee does not get the transfer and adjustment through the system, we call and are told that MPC must be keyed. Now we are told that the old agency must key the MPC. Who is suppose to key MPC?

Answer: All units should have the MPC keyed off as soon after the end of the pay period as possible. Yes, it is the MPC for the delete agency that controls this type of activity.

Question: When will the system be updated for the July retirement changes?

Answer: We plan to post 505 transactions the first week of July.

Question: When I was a specialist I cleared MPC on cutoff, is it OK to key it before the end of the month?

Answer: The MPC instructions are that MPC should be cleared after the close of the pay period. If you want to key MPC prior to the close of the pay period, it is advisable to wait until after master.

Question: When is the on-line PAM going to be done?

Answer: We hope to have it available this year some time.

Question: Where can we get the information on the golden handshake bills?

Answer: You can look at these bills at www.leginfo.ca.gov.

Closing:

The meeting was adjourned at 3:20 PM.

The PPRC encourages attendance by department representatives interested in improving the efficiency of personnel/payroll administration. However, if you are unable to attend these meetings and you have an issue or question you would like the committee to address, please contact Don Ward with pertinent information.

Next Meeting:

The next meeting is Thursday, April 10, 2003 from 1:30 to 3:30 at:

State Controller's Office
300 Capitol Mall, 6th Floor, Room 635
Sacramento, CA 95814

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Listed below are the PPRC meeting dates for the 2003 calendar year. All meetings are from 1:30 to 3:30 at the above location:

May 8, 2003
June 12, 2003
July 10, 2003
August 14, 2003
September 11, 2003
October 9, 2003
November 13, 2003
December 11, 2003

Should you have any questions regarding the PPRC meetings or have additional input, please contact Don Ward at (916) 322-8805 or via email at dward@sco.ca.gov.